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# News Release

Immediate release

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## Budget 2005: Delivering on Commitments

Minister of Finance Ralph Goodale announced today that Budget 2005 will deliver on the Government's commitments, while keeping Canada's books balanced.

Minister Goodale emphasized that the measures contained in this budget commit substantial new funding for health care, seniors, child care, national defence and the environment, while providing tax reductions and laying the groundwork for future progress in addressing the priorities of Canadians.

"Last summer, we set out an ambitious agenda for Canada's future—to maintain our unparalleled fiscal success, to invest in our people, to achieve a more productive and environmentally sustainable economy, and to bolster Canada's role in global affairs," Minister Goodale said. "This budget takes major steps to deliver on those commitments."

Among the key initiatives in this budget are:

- Implementation of the Government's commitment to provide Canada's communities with a share of federal gas excise tax revenues.
- \$5 billion over five years to the development of a new Early Learning and Child Care initiative—a key commitment in last year's Speech from the Throne.
- \$5 billion over five years to help fund new strategies to address climate change and protect Canada's natural environment.
- Increasing Guaranteed Income Supplement benefits for low-income seniors by \$2.7 billion over five years.

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- \$12.8 billion over five years (on a cash basis) to support expansion of the Canadian Armed Forces and purchase new equipment.
- \$735 million over five years to address the urgent needs of First Nations communities.
- Enhancing tax assistance for persons with disabilities and caregivers through expanded eligibility for the disability tax credit and other measures.
- Raising the amount of income that all Canadians can earn tax-free to \$10,000 by 2009.
- Eliminating the corporate surtax in 2008 and reducing the corporate income tax rate by 2 percentage points by 2010 to maintain Canada's tax rate advantage over the U.S.
- Eliminating the 30-per-cent foreign property limit on pension and registered retirement savings plan investments.
- \$3.4 billion over five years to boost Canada's international assistance, with the goal of doubling assistance from its 2001–02 level by 2010–11.

The Minister stated that the Government of Canada is forecast to post balanced budgets or better in 2004–05 and in each of the next five years, adding that the Government would continue to set aside \$3 billion in its Contingency Reserve and an additional economic prudence of \$1 billion in 2005–06, rising to \$4 billion by 2009–10. If it is not needed, the Contingency Reserve will be used to reduce Canada's debt, while the economic prudence will be used to address the priorities of Canadians.

Minister Goodale also noted that the Expenditure Review Committee of Cabinet has identified nearly \$11 billion in savings that will be achieved over the next five years. The overwhelming majority of these savings will come from improved efficiencies in government-wide activities and within departments.



Looking forward, the Minister stated that the Canadian economy will continue to face challenges caused by the much higher Canadian dollar and, over the medium term, from the U.S. current account and budget deficits, which could have a negative effect on the economy of Canada's largest trading partner. Private sector economists surveyed by the Department of Finance have estimated economic growth for Canada of 2.7 per cent for 2004. This figure rises to 2.9 per cent in 2005 and 3.1 per cent in 2006.

Further information on Budget 2005 can be obtained by visiting the Department of Finance Web site or by phoning 1 800 O-Canada (1 800 622-6232) or 1 800 465-7735 (TTY for the speech and hearing impaired).

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